



FULL YEAR RESULTS PRESENTATION

YEAR ENDED 31 DECEMBER 2012

SUMMERSET GROUP HOLDINGS LIMITED

25 February 2013





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FY12 RESULT HIGHLIGHTS





FY12 RESULT HIGHLIGHTS

AHEAD OF IPO FORECASTS AND STRONGLY UP ON FY11

	NZ\$000	FY12 Actual	FY12 IPO Forecast	<i>FY12 Actual vs. FY12 IPO Forecast</i>	FY11 Actual	<i>FY12 Actual vs. FY11 Actual</i>
Operational	New sales of occupation rights	167	134	24.6%	108	54.6%
	Resales of occupation rights	164	124	32.3%	123	33.3%
	New units delivered	160	155	3.2%	122	31.1%
Financial	Net operating cash flow	\$66,254	\$51,992	27.4%	\$43,684	51.7%
	Underlying profit	\$15,223	\$9,749	56.1%	\$8,080	88.4%
	Net profit before tax (NZ IFRS)	\$14,414	\$12,219	18.0%	\$4,364	230%
	Net profit after tax (NZ IFRS)	\$14,821	\$13,259	11.8%	\$4,324	243%

IPO forecast refers to the prospective financial information contained in the investment statement and prospectus dated 27 September 2011

Underlying profit differs from net profit after tax (NZ IFRS). Refer to slide 19 for the definition of underlying profit



FY12 RESULT HIGHLIGHTS

AHEAD OF IPO FORECASTS ON ALL KEY METRICS

- Strong growth in year on year performance versus FY11 results:
 - New sales up 55%
 - Operating cash flow up 52%
- Operational performance in all key areas exceeded IPO forecasts
- FY12 underlying profit of \$15.2m, up 56% on IPO forecast:
 - Higher realised gains on resales
 - Higher development margin
 - Strong operational performance
- FY12 net profit before tax (NZ IFRS) of \$14.4m up 18% on IPO forecast
- FY12 net profit after tax (NZ IFRS) of \$14.8m up 243% on FY11
- Final 2012 dividend of 2.5 cents per share (unimputed) declared. Total dividend \$5.4m (versus \$4.3m in IPO forecast)
- QPE Funds Management will support the dividend reinvestment plan

A photograph of two elderly women with short, light-colored hair laughing together outdoors. The woman on the left is wearing a red collared shirt under a dark jacket, and the woman on the right is wearing a pink shirt under a dark cardigan. They are standing in front of a wooden fence and large trees. A dark blue semi-transparent rectangle is overlaid on the bottom half of the image.

BUSINESS OVERVIEW





FY12 REVIEW

A YEAR OF SIGNIFICANT GROWTH

- Significantly outperformed IPO forecasts
- Strong growth in financial performance versus FY11
- Increased long term build rate guidance – no additional funds from shareholders required
- “Best Retirement Village Operator in Australasia 2012” – third year in a row
- Two new main buildings completed
- Acquired two key Auckland sites – Hobsonville and Ellerslie





SUMMERSET SNAPSHOT

THIRD LARGEST OPERATOR, SECOND LARGEST DEVELOPER

- 1,646 retirement units (villas, apartments and care apartments)
- 327 care beds
- Over 2,000 residents
- 160 units delivered in FY12
- Build rate of at least 200 retirement units in FY13
- Build rate guidance of 300 retirement units per annum by FY15





SUMMERSET STRATEGY

SUMMERSET BUILDS, OWNS AND OPERATES RETIREMENT VILLAGES IN NZ

- Focus on continuum of care model
- Internal development model
- Nationwide brand offering
- Customer centric philosophy – “we love the life you bring to us”
- Respect for everyday New Zealanders

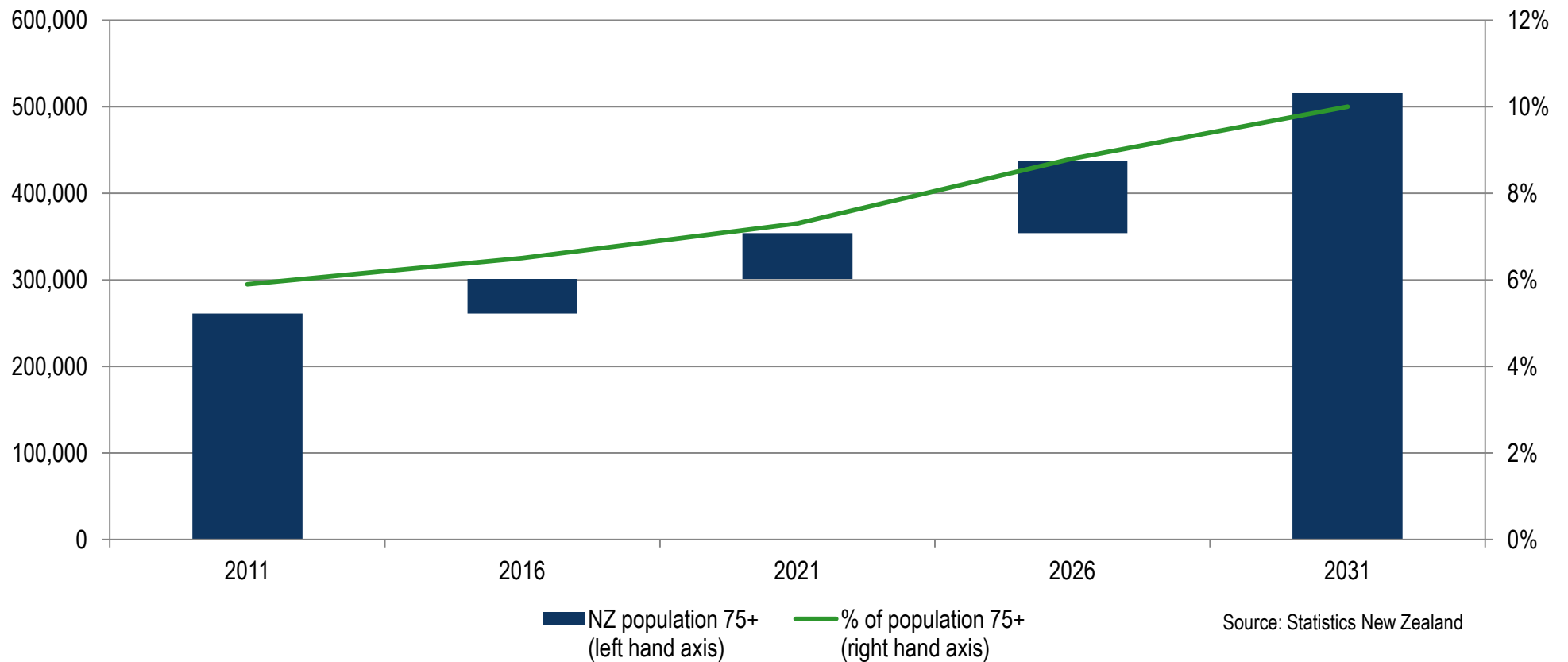




DEMOGRAPHICS

POPULATION OVER 75 YEARS FORECAST TO DOUBLE BY 2031

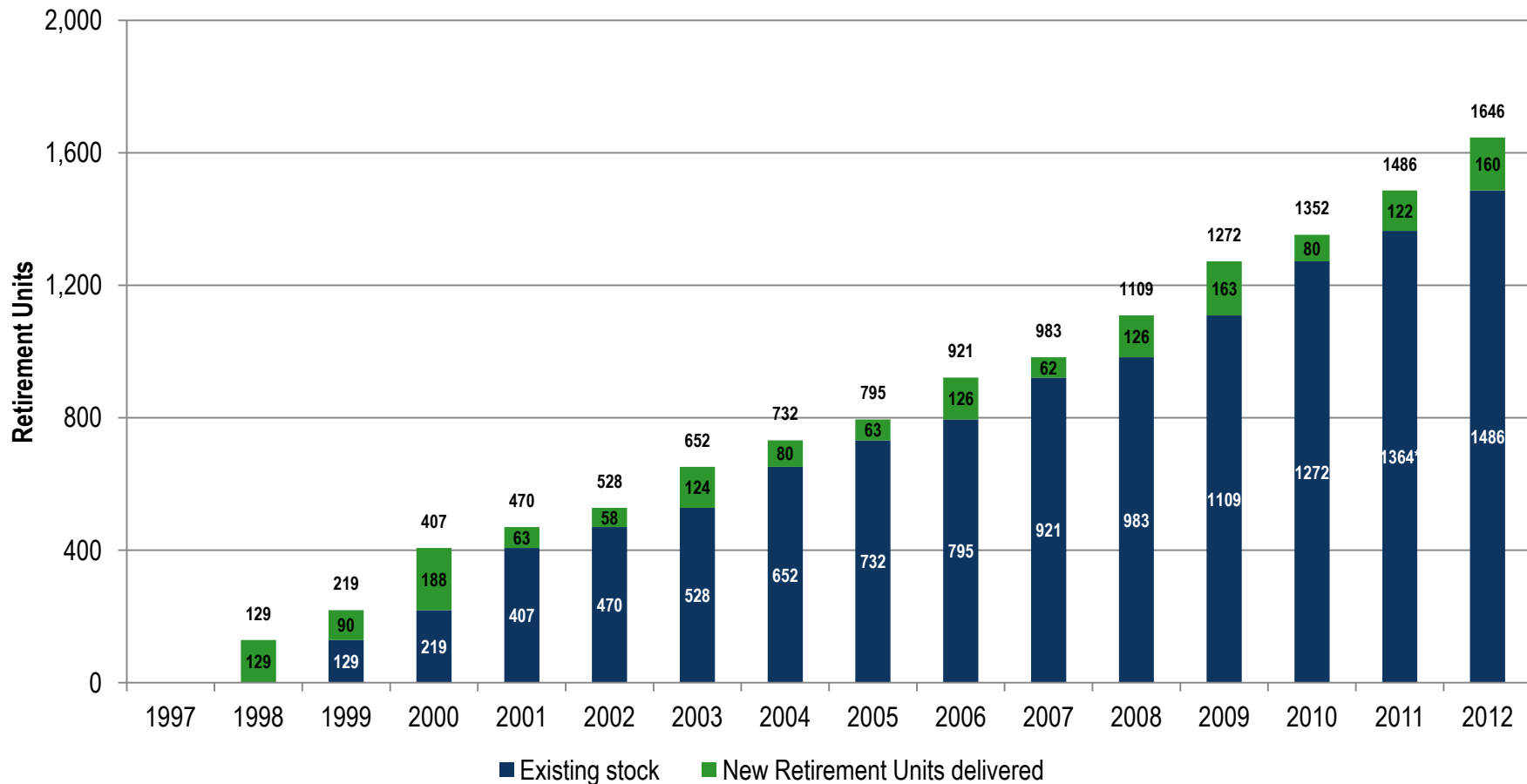
POPULATION GROWTH 75 YEARS AND OVER





SUMMERSET GROWTH

14 YEARS OF CONSISTENT DELIVERY AND GROWTH



*2011 existing stock includes 12 units acquired as part of the Nelson site acquisition



FY12 DEVELOPMENT ACTIVITY

DELIVERY OF 160 UNITS IN FY12 ACROSS FOUR SITES

- 160 units delivered across four villages – above IPO forecast of 155 units
- Hastings main building completed
- Warkworth main building completed
- First stage of Dunedin village completed, further stages underway
- Main building commencement on a number of other sites

	Unit delivery FY12 Actual			
	Villas	Apartment	Care Apartment	Total
Dunedin	31	0	0	31
Hastings	26	0	5	31
Nelson	56	0	0	56
Warkworth	32	2	8	42
Total	145	2	13	160



FY12 DEVELOPMENT ACTIVITY

DELIVERY OF 160 UNITS IN FY12 ACROSS FOUR SITES

Dunedin



Nelson



Hastings



Warkworth



FUTURE DEVELOPMENT

LAND BANK OF 1,400 RETIREMENT UNITS AND 400+ CARE BEDS

- Land bank of 1,400 retirement units spread across brownfield and greenfield sites
- Additional pipeline of 400+ care beds across existing sites
- Lifting build target to 300 units by 2015 due to:
 - Strong sales of occupations rights
 - Range of quality new sites
 - Increased efficiency through in-house management of the development and construction process
- Expect to make further announcements regarding new sites in the coming year

	Land bank - as at 31 December 2012				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Dunedin	30	20	20	70	40
Ellerslie	50	150	50	250	80
Hamilton	142	50	20	212	40
Hastings	42	0	0	42	0
Hobsonville	156	75	19	250	80
Karaka	115	24	20	159	40
Katikati	168	0	20	188	40
Nelson	120	25	30	175	40
Warkworth	44	10	0	54	40
Total	867	354	179	1,400	400+



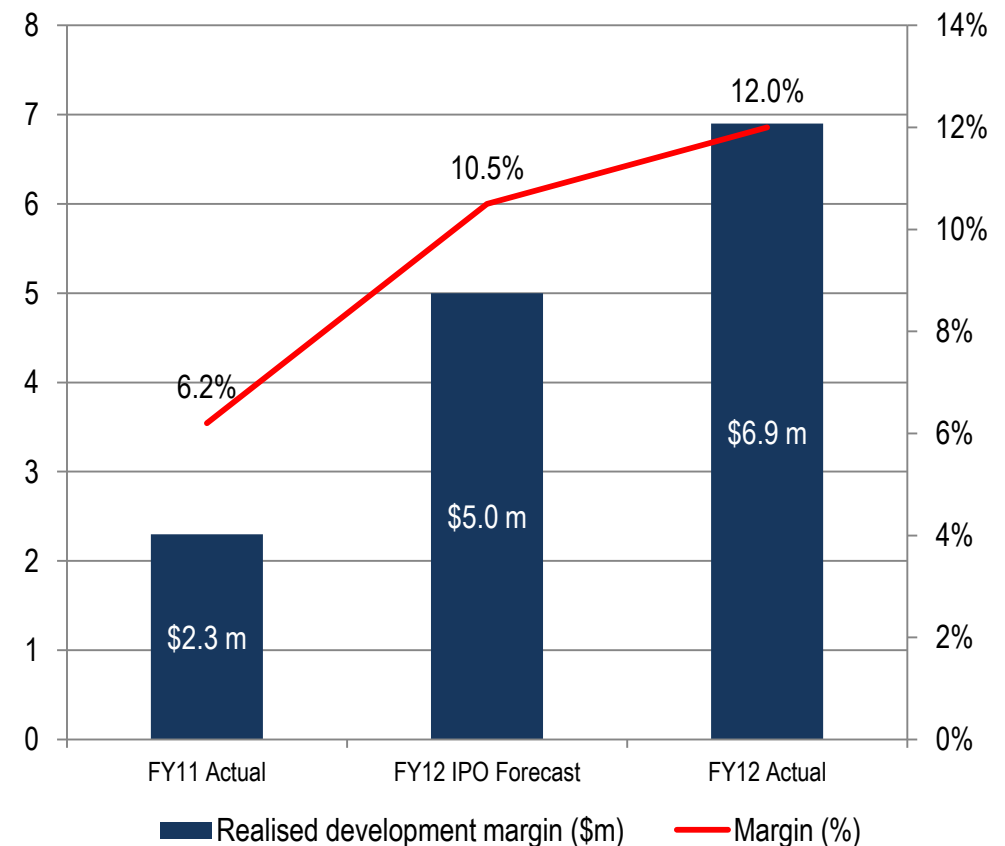
DEVELOPMENT MARGIN

REALISED DEVELOPMENT MARGIN \$6.9M VERSUS IPO FORECAST \$5.0M

- Increased development margin
- Development margins on sites with internal construction management in line with medium term target in the IPO forecast
- Project management and cost management now largely internal
- Summerset managed construction of the Nelson and Dunedin sites in FY12
- All new sites will be construction managed by Summerset



REALISED DEVELOPMENT MARGIN





NEW SALES OF OCCUPATION RIGHTS

NEW SALES OF 167 OCCUPATION RIGHTS VERSUS IPO FORECAST OF 134

- New sales of occupation rights up versus IPO forecast:
 - Gross proceeds: \$57.7m, up 22% over IPO forecast
 - Occupation rights: 167, up 25% over IPO forecast
- New sales of occupation rights up 55% versus FY11
- Strong second half performance

	FY12 Actual	FY12 IPO Forecast	FY12 Actual vs. FY12 IPO Forecast	FY11 Actual	FY12 Actual vs. FY11 Actual
Gross proceeds (\$000)	57,739	47,313	22.0%	37,259	55.0%
Villas	117	97		62	
Apartments	36	25		28	
Care Apartments	14	12		18	
Total occupation rights	167	134	24.6%	108	54.6%



RESALES OF OCCUPATION RIGHTS

RESALES OF 164 OCCUPATION RIGHTS VERSUS IPO FORECAST OF 124

- Resales of occupation rights up versus IPO forecast:
 - Total realised resale gains: \$14.3m, up 39% over IPO forecast
 - Occupation rights resold: 164, up 32% over IPO forecast
- Resales of occupation rights up 33% versus FY11
- Strong second half performance
- 25 resale occupation rights available for sale at 31 December 2012

	FY12 Actual	FY12 IPO Forecast	FY12 Actual vs. FY12 IPO Forecast	FY11 Actual	FY12 Actual vs. FY11 Actual
Gross proceeds (\$000)	44,514	34,210	30.1%	31,966	39.3%
Realised resale gains (\$000)	9,073	6,283	44.4%	7,535	20.4%
DMF realisation	5,215	4,017	29.8%	3,932	32.6%
Villas	93	73		67	
Apartments	38	23		22	
Care Apartments	33	28		34	
Total occupation rights	164	124	32.3%	123	33.3%



FINANCIAL RESULTS





FY12 REPORTED PROFIT (IFRS)

NET PROFIT AFTER TAX UP 12% VERSUS IPO FORECAST

- FY12 revenue up 13% versus FY11
- Fair value movement of investment property higher than IPO forecast
- Increased expenses versus IPO forecast related to new villages
- Net finance costs reduced versus IPO forecast due to faster occupation right sales
- No tax losses booked in FY12 result

NZ\$000	FY12 Actual	FY12 IPO Forecast	FY12 Actual vs. FY12 IPO Forecast	FY11 Actual	FY12 Actual vs. FY11 Actual
Total revenue	38,120	35,388	7.7%	33,703	13.1%
Reversal of land and buildings impairment	N/A	N/A	N/A	278	N/A
Fair value movement of investment property	15,128	14,144	7.0%	5,841	159%
Total income	53,248	49,532	7.5%	39,822	33.7%
Total expenses	33,938	32,176	5.5%	29,814	13.8%
Net finance costs	4,896	5,137	-4.7%	5,644	-13.3%
Net profit before tax	14,414	12,219	18.0%	4,364	230%
Tax expense/(credit)	(407)	(1,040)	N/A	40	N/A
Net profit after tax	14,821	13,259	11.8%	4,324	243%



FY12 UNDERLYING PROFIT

UNDERLYING PROFIT \$15.2M, UP 56% VERSUS IPO FORECAST

- Strong underlying profit performance
- Key drivers are:
 - Higher realised gains on resales
 - Higher development margin
 - Strong operational performance
- Higher realised gains on resales observed in second half – due to mix of unit types

NZ\$000	FY12 Actual	FY12 IPO Forecast	FY12 Actual vs. FY12 IPO Forecast	FY11 Actual	FY12 Actual vs. FY11 Actual
Reported profit after tax	14,821	13,259	11.8%	4,324	243%
Less: fair value movement of investment property	(15,128)	(14,144)	7.0%	(5,841)	159%
Less: reversal of impairment of land and buildings	N/A	N/A	N/A	(278)	N/A
Add: realised gain on resales	9,073	6,283	44.4%	7,535	20.4%
Add: realised development margin	6,864	4,974	38.0%	2,300	198%
Add: deferred tax expense	(407)	(623)	N/A	40	N/A
Underlying profit	15,223	9,749	56.1%	8,080	88.4%

Underlying profit differs from NZ IFRS net profit after tax. The directors have provided an underlying profit measure to assist readers in determining the realised and non-realised components of fair value movement of investment property and tax expense in the group's income statement. The measure is used internally in conjunction with other measures to monitor performance and make investment decisions. Underlying profit is an industry wide measure which the group uses consistently across reporting periods.



FY12 CASH FLOWS

NET OPERATING CASH FLOW \$66.3M UP 27% VERSUS IPO FORECAST

- Strong operating cash performance
- Operating cash performance driven by:
 - Sales of occupation rights
 - Operational performance
- Investing cash flow higher than IPO forecast as builds, particularly main buildings are proceeding faster
- Increase in other investing cash flows largely due to care facility construction

NZ\$000	FY12 Actual	FY12 IPO Forecast	FY12 Actual vs. FY12 IPO Forecast	FY11 Actual	FY12 Actual vs. FY11 Actual
Care fees and village services	27,391	25,143	8.9%	25,093	9.2%
Interest received	159	62	156%	192	-17.2%
Payments to suppliers and employees	(32,541)	(30,826)	-5.6%	(28,716)	13.3%
Net receipts for residents loans	71,245	57,613	23.7%	47,115	51.2%
Net operating cash flow	66,254	51,992	27.4%	43,684	51.7%
Development build cash outflow	(67,655)	(64,408)	5.0%	(49,149)	37.7%
Other investing cash flows	(9,265)	(5,907)	56.8%	(2,860)	224%
Net investing cash flow	(76,920)	(70,315)	9.4%	(52,009)	47.9%
Proceeds from / (repayment of) bank loans	9,041	22,836	-60.4%	(31,092)	-129%
Proceeds from issue of shares	-	2,150	-100%	48,795	-100%
Other financing cash flows	(4,577)	(9,437)	51.5%	(5,153)	-11.2%
Net financing cash flows	4,464	15,549	-71.3%	12,550	-64.4%
Net increase in cash	(6,202)	(2,774)	-124%	4,225	-247%



FY12 BALANCE SHEET

TOTAL ASSETS OF \$702M UP 14% FROM \$617M IN FY11

- Net asset growth of 6.6% from FY11
- Investment property valuation of \$645m
- Other assets include land and buildings (primarily care facilities)
- Embedded value of \$124m, \$75,000 per unit, as at 31 December 2012:
 - \$71m capital gain
 - \$53m deferred management fee

NZ\$000	FY12 Actual	FY12 IPO Forecast	FY12 Actual vs. FY12 IPO Forecast	FY11 Actual	FY12 Actual vs. FY11 Actual
Investment property	644,506	632,622	1.9%	557,140	15.7%
Other assets	57,833	44,034	31.3%	59,754	-3.2%
Total assets	702,339	676,656	3.8%	616,894	13.9%
Residents' loans	336,133	322,347	4.3%	278,408	20.7%
Bank loans	78,162	98,115	-20.3%	69,121	13.1%
Other liabilities	39,250	17,388	126%	35,941	9.2%
Total liabilities	453,545	437,850	3.6%	383,470	18.3%
Net assets	248,794	238,806	4.2%	233,424	6.6%
Embedded value	124,123			119,532	
NTA (cents per share)	116			109	



DIVIDEND

 **Summerset**



2012 FINAL DIVIDEND

SUMMERSET BOARD DECLARES 2012 FINAL DIVIDEND

- The Summerset Board have declared a final dividend of 2.5 cents per share, unimputed
- This represents a total payout of approximately \$5.4m compared with the \$4.3m indicated in the IPO forecast. The increased dividend reflects the strong performance of the company in 2012
- The dividend reinvestment plan (DRP) will apply to this dividend enabling shareholders to take shares in lieu of the dividend. No percentage discount will be applied when determining the price per share of shares issued under the DRP
- QPE Funds Management has indicated its support of the DRP
- Eligible investors wishing to take up the DRP must register by 5pm on the 8th of March. Any applications received on or after this time will be applied to subsequent dividends
- The final dividend will be paid on 20 March 2013. The record date for final determination of entitlements to the final dividend is 8 March 2013



QUESTIONS?



DISCLAIMER

This presentation may contain projections or forward looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties.

Actual results may differ materially from those stated in any forward looking statement based on a number of important factors and risks.

Although management may indicate and believe the assumptions underlying the forward looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward looking statements will be realised.

Furthermore, while all reasonable care has been taken in compiling this presentation, Summerset accepts no responsibility for any errors or omissions.

This presentation does not constitute investment advice.

APPENDIX





EXISTING PORTFOLIO AT 31 DEC 2012

1,646 EXISTING RETIREMENT UNITS AND 327 CARE BEDS

	Existing Portfolio– as at 31 December 2012				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Aotea	96	51	20	167	-
Dunedin	31	-	-	31	-
Hamilton	40	-	-	40	-
Hastings	104	5	-	109	-
Havelock North	94	18	10	122	40
Levin	64	12	10	86	28
Manukau	89	71	23	183	52
Napier	94	26	20	140	48
Nelson	94	-	-	94	-
Palmerston North	90	12	-	102	41
Paraparaumu	92	12	10	114	40
Taupo	94	34	18	146	-
Trentham	92	12	20	124	41
Wanganui	70	18	12	100	37
Warkworth	78	2	8	748	-
Total	1,222	273	151	1,646	327



LAND BANK AT 31 DECEMBER 2012

LAND BANK OF 1,400 RETIREMENT UNITS AND 400+ CARE BEDS

	Land bank - as at 31 December 2012				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Dunedin	30	20	20	70	40
Ellerslie	50	150	50	250	80
Hamilton	142	50	20	212	40
Hastings	42	0	0	42	0
Hobsonville	156	75	19	250	80
Karaka	115	24	20	159	40
Katikati	168	0	20	188	40
Nelson	120	25	30	175	40
Warkworth	44	10	0	54	40
Total	867	354	179	1,400	400+